

Revenue Sharing Delays Tax Reform

The movement for reform of the property tax was dealt a glancing blow this October when President Nixon signed the federal revenue sharing bill. Most communities have already declared that they will use the windfall to reduce the property tax, "though that was not really the idea behind the whole thing," according to a *New York Times* reporter.

The money will be used mostly for capital improvements, not only because water, sewerage, transportation, and recreation facilities are desperately needed almost everywhere, but also because officials are not sure they can count on revenue sharing to continue indefinitely.

Revenue sharing funds will constitute an average of 5-8% of local government budgets and 1-4% of state budgets. The property tax brings in as much as 80% of

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1973 Conference

For those who like to spend part of their summer holiday at the annual Henry George School Conference, next year it will be held July 4-7 at York University in Toronto, Canada. Speakers will include Robert Hutchins, Arthur Becker, C. Lowell Harriss, Ted Gwartney, and possibly Dick Netzer and Mason Gaffney as well. One feature of the conference will be a seminar on urban land problems with experts from the office of the Premier of Ontario. Those attending the conference will have the choice of staying at the university or at the Toronto Sheraton. Further details will be printed in upcoming issues of the *News*.

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local government revenue, however; in this light, revenue sharing money is a drop in the bucket. All the same, property taxes would have to be increased by \$25 to \$100 on a \$25,000 house to raise the same amount. As for other taxes, New York City would have to raise its sales tax from 3% to 4.3% to obtain the \$247.5 million it will get under revenue sharing; Pennsylvania would have to increase the state sales tax by 11%, from 2.5% to 2.8%, and Michigan would have to raise its flat-rate income tax from 3.9% to 4.2%.

The only place where revenue sharing funds might not be used to reduce the property tax is Dallas, where one city councilman wants to use it to abolish the monthly garbage collection fee of \$1.50. The city councilman claims the fee is overly burdensome to the poor and those with fixed incomes.

Meanwhile, Pittsburgh's Mayor Flaherty made a stunning announcement less than 24 hours after Congress passed the revenue sharing bill. "As a result of economies and efficiencies achieved by our administration during the past three years, we have a surplus of \$13 million." Mayor Flaherty therefore wants to cancel the 1% wage tax in Pittsburgh next year. The wage tax brings in about \$13 million, equal to the surplus.